

**News Release from the Environmental and Public Protection Cabinet**  
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**OFFICE OF INSURANCE, ANTHEM HEALTH PLANS REACH SETTLEMENT**  
**Insurer to pay \$1.25 million to 43,000 covered under Medicare Select products**

FRANKFORT, Ky. (Sept. 29, 2006) -- Anthem Health Plans of Kentucky Inc. will pay \$1.25 million to some 43,000 seniors and disabled individuals covered by its Medicare Select products under an agreement reached today with the Kentucky Office of Insurance (KOI).

In addition, Anthem Health Plans will be asking the Anthem Foundation, the company's charitable arm, to contribute \$1 million to a number of senior- and health-related organizations.

In November 2005, the Office of Insurance had ordered Anthem to repay \$23.7 million to policyholders and levied a \$2 million fine. Anthem appealed the order and today's settlement resolves the matter.

"Working on the information we had at the time, we took what we thought was an appropriate action to protect the seniors and others who had purchased this product," said Julie Mix McPeak, KOI executive director.

McPeak said that during pre-hearing discussions, Anthem submitted documentation that the amount overpaid by policyholders was not as large as KOI's preliminary investigation showed, and that fewer policyholders were affected. Initial documentation suggested that all of Anthem's lines of Medicare supplement business were impacted, but further investigation showed only the Medicare Select products were involved.

Anthem records show that during 2003, the company recouped about \$1.25 million in overpayments to certain providers for this line of business. This caused an overstatement in the claims data and medical trends on which 2005 premiums were based and policyholders saw a slight increase in premiums.

Appropriate adjustments to the claims data and medical trends were made in a subsequent filing, resulting in a slight decrease for the rates currently in effect, McPeak said.

Those affected by today's order are consumers covered under Anthem's Medicare Select policies from Jan. 1, 2005, through Dec. 31, 2005. Anthem expects to have refunds in the mail by the end of November.